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2001-164 w/s

E. DOUGLAS PRATT-THOMAS

G. TRENHOLM WALKER

W. ANDREW GOWDER, JR.

JON L. AUSTEN

LINDSAY K. SMITH-YANCEY (SC, NC)

THOMAS H. HESSE (SC, GA)

IAN W. FREEMAN (SC, CA)

DANIEL S. McQUEENEY, JR.

KATHLEEN FOWLER MONOC

October 10, 2012

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RECEIVED
2012 OCT 12 AM 11:33
SC PUBLIC SERVICE
COMMISSION

Re: Kiawah Island Utility, Inc. Purchased Water Adjustment Review Request
Our File No.: 5435.002

Dear Ms. Boyd:

I am writing on behalf of Kiawah Island Utility, Inc. (the "Utility") to request that the Commission review and approve an increase in the Utility's rates for potable water to its customers as a result of an increase in the wholesale cost of potable water it purchases from St. Johns Water Company.

This request for review is submitted according to the procedures set forth in the "Purchased Water Adjustment," copy enclosed, approved by the Commission in its Orders in the Utility's last rate case, Order Nos. 2002-285 and 2002-517. The procedures were reaffirmed in Order No. 2012-98 and the Commission's Directive dated March 28, 2012. The purpose of this pass-through is to allow a simple procedure for increasing the rates for potable water to the Utility's customers in the identical amount of any increase in the wholesale rate charged to the Utility by St. Johns Water Company. The Commission last approved a similar request in its Order No. 2012-470, copy enclosed.

The Utility is proposing to increase the rate for potable water to all classes of customers in the amount of \$0.07 per thousand gallons. The amount of the increase in the Utility's cost of wholesale potable water imposed by St. Johns Water Company is \$0.066 per thousand gallons.

In further substantiation of this request I have enclosed a copy of a letter dated October 9, 2012, to me from Becky Dennis, General Manager of the Utility, outlining the basis for

Jocelyn Boyd
RE: KIU Water Rate Increase
October 10, 2012
Page 2

the request. The enclosures in her letter include a table showing the current rates and the proposed new rates as well as the background correspondence from St. Johns Water Company documenting the increase in the Utility's cost of wholesale potable water and the background correspondence to St. Johns Water from Charleston Water System.

The Utility proposes to implement the increase upon PSC approval of its request and the 30-day advance notice to its customers.

In compliance with the Commission's conditions for allowing this increase, the Utility will furnish thirty (30) days prior written notice to its customers of the amount of the adjustment, the basis for it, and the adjustment's effective date.

If you have any questions or anything additional needs to be submitted to accomplish this request, please feel free to call me or Becky Dennis whose telephone number is on the enclosed letter.

With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.

A handwritten signature in black ink, appearing to read "Trenholm Walker", with a stylized, flowing script.

G. Trenholm Walker

GTWnjd
Enclosures (As noted)
c: F. David Butler, Esq.
C. Dukes Scott, Esq.
Florence Belser, Esq.
Becky Dennis
Townsend Clarkson
Steve D. Heyboer
Robert L. Brooke, Esq.

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	<input type="checkbox"/>	DATE	<u>June 13, 2012</u>
MOTOR CARRIER MATTER	<input type="checkbox"/>	DOCKET NO.	<u>2001-164-WS</u>
UTILITIES MATTER	<input checked="" type="checkbox"/>	ORDER NO.	<u>2012-470</u>

THIS DIRECTIVE SHALL SERVE AS THE COMMISSION'S ORDER ON THIS ISSUE.

SUBJECT:

DOCKET NO. 2001-164-WS - Application of Kiawah Island Utility, Incorporated for Approval of an Increase in Its Rates and Charges for Water and Sewer Service - Discuss with the Commission Kiawah Island Utility, Incorporated's Request for Approval of a Rate Increase for Potable Water to Its Customers as a Result of an Increase in the Wholesale Cost of Potable Water It Purchases from by St. Johns Water Company to the Utility.

COMMISSION ACTION:

Grant the request of Kiawah Island Utility, Inc. to pass through the increase in the bulk-water rate charged by St. Johns Water Company. This increase shall be effective upon thirty (30) days notice to the customers of Kiawah Island Utility, Inc.

PRESIDING: HowardSESSION: RegularTIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u>

MARC Conference in Des Moines, IA

(SEAL)

RECORDED BY: J. Schmieding

PURCHASED WATER ADJUSTMENT

Kiawah Island Utility, Inc. ("Company") purchases its potable water from the St. John's Water Company ("St. John's"), which in turn purchases the water from the Commissioners of Public Works of the City of Charleston ("CPW"). Whenever CPW increases the price of water sold to St. John's, the increase in price is passed through to the Company pursuant to the water purchase agreement between the Company and St. John's.

The water purchase agreement also provides, as part of the purchased water price, a pro-rata share of St. John's annual operation and maintenance costs to be charged to the Company. Therefore, the Company's revenue requirement for purchased water is made up of the water unit price per thousand gallons and the operation and maintenance costs charged by St. John's.

Accordingly, whenever there is a price adjustment for the purchase of potable water to Kiawah Island Utility, Inc. by the St. John's Water Company, the following billing adjustment shall be made by the Company to its customer rates:

1. Billing Adjustment

In the event that St. John's adjusts (whether an increase or decrease) the unit price per 1,000 gallons and/or the operation and maintenance charges related to the purchase of potable water, the following billing adjustment practice would apply:

- (a) If the unit price is adjusted the cost change per 1,000 gallons would be passed through to the customers as an adjustment in like amount to the consumption charge on their water bill.

Example: The unit price of purchased water is increased by two cents per 1,000 gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.

- (b) Operation and maintenance charges will be examined in the Company's next rate proceeding.

2. Notification

Any special billing adjustment shall not be billed until the following conditions are met:

- (a) The Company shall furnish the South Carolina Public Service Commission satisfactory proof of the basis for the adjustment and the billing method to be utilized at least sixty (60) days prior to its proposed effective date.
- (b) The Company shall furnish thirty (30) days prior written notice to the customers affected by the Purchased Water Adjustment advising them of the basis for the billing adjustment and its effective date.



October 9, 2012

G. Trenholm Walker
Pratt-Thomas Epting & Walker
16 Charlotte Street
Charleston, SC 29403

Dear Mr. Walker:

Kiawah Island Utility, Inc. (KIU) received a letter from the St. Johns Water Company (SJWC) informing us that an increase in rates to their wholesale customers would become effective December 1, 2012.

The current approved rate for purchased water is \$2.447. The new rate of \$2.513 is an increase of \$0.066 per thousand gallons. This increase, on the December 2012 usage, will be charged on the January 2013 billing.

We are requesting approval to begin charging our customers an increase of \$0.07/thousand gallons commencing with the January 2, 2013 statements. Upon receipt of PSC approval, we will give our customers a 30 day advance notice of the increase to all tiers and classes of potable water.

I have attached a copy of the letter from Charleston Water Systems to SJWC and from SJWC to KIU related to the increase. In addition I have enclosed a schedule comparing the existing rate to the new rate resulting from this increase.

If you require any additional information to prepare the packet for the Public Service Commission please do not hesitate to contact me either by phone at (843) 768-0641 or email.

Sincerely,

A handwritten signature in cursive script, appearing to read "Becky J. Dennis".

Becky J. Dennis
General Manager

CC: Townsend Clarkson
Steve Heyboer

Kiawah Island Utility, Inc.

	Consumption Rates	
	Old	New
Rate Schedule # 1 - Residential		
Tier #1 (up to 11,000)	3.11	3.18
Tier #2 (11,000 - 50,000)	3.56	3.63
Tier #3 (all over 50,000)	3.83	3.90
Rate Schedule # 2 - Commercial		
All water consumption	3.83	3.90
Rate Schedule # 3 - Hotel		
All water consumption	3.83	3.90
Rate Schedule # 4 - Irrigation		
Tier #1 (All up to 50,000)	3.56	3.63
Tier #2 (All over 50,000)	3.83	3.90
Rate Schedule # 5 - Fire Hydrant Service		
Temporary use by contractor	4.22	4.29
Rate Schedule # 6 - Golf Course Irrigation		
Effluent water	0.17	0.17
Deep Well water	0.24	0.24
Potable water	3.83	3.90
Rate Schedule #7 - Fire Line Service		
No consumption charge in the schedule	N/A	N/A

ST. JOHN'S WATER COMPANY, INC.

Post Office Box 629
John's Island, South Carolina 29457-0629
Phone (843) 559-0186
Fax (843) 559-0371

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Becky J. Dennis
Cindy M. Floyd
Joseph W. Hall
Robert M. Lee

September 17, 2012

Ms. Becky Dennis
Kiawah Island Utilities
31 Sora Rail Road
John's Island, SC 29455

Re: 2012 – 2013 Rate Increase

Dear Becky,

Charleston Commissioners of Public Works has informed St. John's Water Company of a rate increase effective December 1, 2012. This new rate will be reflected on the usage reading as of December 31, 2012 as it is usually read on the last day of the month. The new rate has been computed to equal \$ 2.513 per one thousand gallons. Your current rate per thousand gallons is \$ 2.447.

At this time your O&M charges will not change until we receive information from the audit for year ending September 30, 2012.

If you have any questions, please call me at your convenience.

Sincerely,



Ava Robichaux
General Manager



Charleston Water System

P.O. Box B
Charleston, SC 29402

103 St. Philip Street (29403)
(843) 727-6800
www.charlestonwater.com

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Wesley Ropp, CMA, Chief Financial Officer
Andy Fairey, Chief Operating Officer
Mark Cline, P.E., Capital Projects Officer

August 21, 2012

Ms. Ava Robichaux
St. Johns Water Company
P.O. Box 629
Johns Island, SC 29455

Subject: 2013 Wholesale Municipal Rates

Dear Ms. Robichaux:

This letter is to notify you that we are implementing the final portion of three (3) rate increases which were approved by our Commissioners in 2010. The current wholesale municipality rate is \$1.83/Ccf. The new wholesale municipality rate of \$1.88/Ccf will be implemented on December 1, 2012.

If you have any questions, feel free to contact me at 727-6916. As always, we look forward to continuing our long-standing relationship.

Sincerely,

J. Wesley Ropp, CMA
Chief Financial Officer

cc: Kin Hill, P.E., CEO
Dorothy Harrison, CAO
Mark Cline, CPO
Andy Fairey, COO
Laurie Ryan, St. Johns Water Company
Jenny Craft, Public Relations Manager
Evelyn Ferguson, Director of Customer Service
Gloria Fielding, Billing Manager